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SUBJECT: FINANCE MINISTER JABR: MOF RESUMING ACTIVITY

Summary

¶1. (SBU) During an August 26 meeting with Ambassador Haslach, Finance Minister Jabr made special note of his good relationship with former deputy PM and KRG PM Barham Salih. Ambassador Haslach delivered condolence letters from Ambassador Hill and Department of Treasury Acting Assistant Secretary Baukol to Jabr and offered USG help in the aftermath of the August 19 bombings. The Minister confirmed that he will attend the October investment conference in Washington and that work is progressing on an IMF Stand-By Arrangement and possible additional budget support from the World Bank. Ambassador Haslach welcomed the issuance of a T-bill to help fund the GE contract, noting that this will send a positive signal to potential investors. End summary.

Optimism on Revenue Sharing

¶2. (SBU) While the meeting was dominated by discussion of the upcoming investment conference and the aftermath of the Finance Ministry bombing, Jabr did note in response to a question from Ambassador Haslach that he had a positive relationship with KRG PM Salih. Without sharing specifics, Jabr said that his good relationship with Salih left him optimistic about the chances of reaching a compromise on oil revenue sharing. &We will find solutions,8 Jabr emphasized.

MOF Damaged, but Resuming Activities

¶3. (U) The Minister thanked Ambassador Haslach for the USG offer of assistance, as well as those of other governments, citing Germany, Spain, and UAE offers to care for the seriously injured. He recounted that 256 people had been hospitalized with injuries, 10-12 of whom were in serious condition. Eight bodies had been found in the rubble and two victims had died in the hospital.

¶4. (U) The Minister reported that the MoF main building was no longer usable. He was confident, however, that the Budget and the Accounting Departments, the &heart of the government,8 would be resuming operations by the end of the week in new locations. &Terrorists bombs cannot stop the life of the Iraqis.8 He did not have any specific assistance requests of the USG, but being an engineer himself, he knew that Iraq does not have many experts who could assess the damaged building to ascertain whether it could be rehabilitated. He said that he would follow up if he had any specific requests for assistance.

Investment Conference and DEC: Minister to Attend

¶5. (SBU) The Minister reported that he would attend the U.S.-Iraq investment conference in Washington in October. The Prime Minister, according to his information, would not lead the delegation. The former Deputy Prime Minister (DPM) and newly named KRG Prime Minister, Barham Salih, would likely lead the delegation, according to the Minister. Explaining that he had not been active in the US-Iraq Dialogue for Economic Cooperation (DEC), the Minister said he would be more active in the October 19 DEC meeting. The head

of the DEC delegation has not yet been decided. Barham Salih chaired the Iraqi delegation when he was the DPM.

IMF and World Bank: Work Continues on Possible Budget Support

¶16. (U) The Minister confirmed that work on a Stand-By Arrangement with the IMF is continuing. In addition, the Minister has sent a letter to the World Bank seeking additional budget support to supplement the IMF program. Jabr said he would travel to Istanbul in early October to attend the IMF/World Bank Annual Meeting. He expects to discuss these programs with the Fund and Bank and hopes to meet with US Treasury officials.

General Electric

¶17. (U) Ambassador Haslach expressed appreciation for the MoF,s authorization of a T-bill valued at USD 2.4 billion to QMoF,s authorization of a T-bill valued at USD 2.4 billion to pay General Electric. This will send a positive signal to investors when they gather for the conference in Washington, she said.

¶18. (U) The Minister noted that the authorization document had signed had been lost in the post-bombing rubble, but his staff eventually found it and sent it to the Central Bank. (Note: the Deputy Governor of the Central Bank confirmed that the T-bill has been issued with the funds placed on the MoF,s account. These funds are to be used by the Ministry of Electricity. End note).

Comment

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¶19. (SBU) By the Minister,s own account, his friendship with Barham Salih is solid, although we are uncertain whether Salih shares this sentiment. When Salih knew he would be away from Baghdad to join the election campaign in the KRG, Salih asked Jabr to chair the High Economic Committee and to assume responsibility for preparing for a ministerial meeting on the International Compact with Iraq. In a previous meeting with Ambassador Hill, Jabr thought that it would be a good signal if Barham, as the Prime Minister of the KRG, were to lead the GOI delegation to the Washington investment conference. If the Minister is correct that the good relationship will remain intact, it could auger well for resolving some of Iraq,s more nettlesome internal issues with the KRG. At the national level, it also speaks to the longstanding relationship between the Kurds and Islamic Supreme Council of Iraq (ISCI).
HILL